(R-2022-477)

RESOLUTION NUMBER R- 314107

DATE OF FINAL PASSAGE JUN 01 2022

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE SALE OF THE CITY'S UNDIVIDED 51 PERCENT INTEREST AS A TENANT IN COMMON IN THE REAL PROPERTY LOCATED AT 9575 AERO DRIVE AND RELATED ACTIONS.

WHEREAS, the City of San Diego (City) currently owns an undivided 51 percent interest, as a tenant in common in with The ARC of San Diego (ARC), of the approximately 4.51 acres of land located at 9575 Aero Drive, San Diego (Property); and

WHEREAS, the City originally acquired its interest in the Property to be used for airport purposes; and

WHEREAS, the Property is improved with an approximately 48,635 square foot office building, and ARC owns both 100 percent of the improvements and an undivided 49 percent interest in the land; and

WHEREAS, in accordance with a recorded Covenant and Use Agreement between the City and ARC, ARC has notified the City that ARC wishes to sell all of its interest in the Property; and

WHEREAS, ARC has offered to sell its interest in the Property to the City in accordance with the requirements of the Covenant and Use Agreement, but the City has chosen not to accept ARC's offer; and

WHEREAS, City staff recommends proceeding with efforts to sell the City's interest in the Property simultaneously with the sale of ARC's interest, so that the entirety of the Property can be sold to a new buyer; and WHEREAS, no City department has requested to use the Property, or retain the City's interest in the Property for a future municipal use; and

WHEREAS, the City Council adopted Resolution R-313550 on June 1, 2021, declaring the Property exempt surplus land under the Surplus Land Act (as set forth in California Government Code sections 54220 through 54236), and the California Department of Housing and Community Development (HCD) confirmed its agreement with the City Council's declaration in an August 2, 2021 e-mail; and

WHEREAS, the City received written approval in September 2021, from the Federal Aviation Administration (FAA) to sell the City's interest in the Property, provided that the City receives no less than fair market value for the City's interest, and continues to comply with other applicable Federal Grant Assurances required by the Airport Improvement Program grants; and

WHEREAS, in accordance with FAA requirements, the land value of the Property was appraised by two independent Member Appraisal Institute (MAI) appraisers and the two appraisals were reviewed by a third independent MAI appraiser, who concluded that the appraised value of the land is \$6,715,000, meaning that the appraised value of the City's undivided 51 percent interest in the land is equal to \$3,424,650; and

WHEREAS, the City's Principal Appraiser believes it is reasonable to conclude, based on market data, that the land and improvement components of the Property will contribute equally to the sale price, resulting in the City receiving no less than 25.5 percent of the gross sale proceeds; and

WHEREAS, the Covenant and Use Agreement states that ARC and the City shall share in the costs of the sale in proportion to their respective interests in the Property, meaning that the City will also be responsible for 25.5 percent of the seller's sales costs, including reimbursing

(R-2022-477)

ARC for a portion of the real estate broker's commission, which shall not exceed four percent of

the sales price, that ARC incurs as a result of its contract with Kidder Matthews; and

WHEREAS, all proceeds received from the sale of City-owned real property must be

used exclusively for the acquisition and construction of permanent public improvements in

accordance with San Diego Charter section 77; NOW, THEREFORE,

BE IT RESOLVED, by the City Council of the City of San Diego, as follows:

That the Mayor or designee is authorized to sell the City's undivided 51 percent 1.

interest in the Property at or above a sale price that will result in the City's share of the gross

sales proceeds being equal to or greater than \$3,424,650, and to pay the City's proportionate

share of the sale costs from the sale proceeds;

That the Mayor or designee is authorized to execute and deliver a purchase and 2.

sale agreement, and any other documents including grant deed or escrow instructions required to

complete the sale of the Property on terms and conditions deemed reasonable and in the City's

best interest by the Mayor or designee.

3. That the Chief Financial Officer is authorized to accept and deposit the City's

portion of the proceeds from the sale of the Property, less costs related to the sale, into the

Capital Improvement Program Fund 700030, Montgomery Field Spec Aviation, and to deposit

the Independent Consideration, if any, into the Airport Management Enterprise Fund 700033.

APPROVED: MARA W. ELLIOTT, City Attorney

/s/ Melissa D. Ables

By

Melissa D. Ables

Deputy City Attorney

MDA:nja:cw 05/03/2022

Or. Dept: DREAM

Doc. No.: 2968490

I certify that the foregoing Resolution was passe meeting of MAY 1 7 2022	d by the Council of the City of San Diego, at this
	ELIZABETH S. MALAND
	City Clerk By
	Deputy City Clerk
Approved: 5/31/72 (date)	TODD GLORIA, Mayor
Vetoed:(date)	TODD GLORIA, Mayor

Passed by the Council of The C	ity of San Dieg	o onM	AY 1 7 2022	_, by the following	vote:
Councilmembers	Yeas	Nays	Not Present	Recused	
Joe LaCava	\mathbb{Z}				
Jennifer Campbell					
Stephen Whitburn	\mathbf{Z}				
Monica Montgomery Sto	eppe 🛮				
Marni von Wilpert	Z				
Chris Cate	Ź				
Raul A. Campillo	Ø				
Vivian Moreno	Ø				
Sean Elo-Rivera	Ø				
(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.) TODD GLORIA					
AUTHENTICATED BY:		Mayo	er of The City of S ELIZABETH S	an Diego, California	а.
(Seal)		City Clo	 	San Diego, Californ	nia. puty
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		Office of the	e City Clerk, San D	Diego, California	
	Reso	lution Numbe	er R31	4107	